

# **Employee Plans/Exempt Organizations Determination System (EDS) – Privacy Impact Assessment**

**PIA Date – April 29, 2009**

## **System Overview**

Employee Plans–Exempt Organizations Determination System (EDS) is an automated system for processing determination application received in Tax Exempt/Government Entities (TE/GE), Employee Plans (EP) and Exempt Organizations Divisions (EO). Exempt Organizations and Employee Plans submit applications to TE/GE to determine if they meet the law requirements of the Internal Revenue Code. Application data is entered to determine if all the required information was submitted. If an application is found incomplete, a letter is sent to the applicant requesting the missing data. If an application is found complete, the data entered is added to the inventory control tables. EDS tracks and monitors applications, controls inventory and records time spent on each case. The information entered on EDS is retrieved from the Power of Attorney's (POA) form and taxpayer's application. The information allows TE/GE to manage their workload, generate a determination letter and enter the data to add the applicant to the Employee Plans Master File (EPMF) or the Exempt Organization Business Master File (EO/BMF). Data is sent to EPMF and EO/BMF via the EP/EO Application Control System (EACS) which runs on the UNISYS at the Tennessee Computing Center (TCC). EDS is a menu-driven system with four available subsystems. The subsystems are Data Transcription Subsystem (DTS) Inventory Control Subsystem (ICS), Letter Generation Subsystem (LGS) and Management Information Subsystem (MIS).

## **Systems of Records Notice (SORN):**

- IRS 50.222 -- Tax Exempt/Government Entities (TE/GE) Case Management Records
- IRS 34.037 -- IRS Audit Trail and Security Records System

## **Data in the System**

**1. Describe the information (data elements and fields) available in the system in the following categories:**

**A. Taxpayer:**

- Plan Sponsor Name or Organization Name
- Employer Identification Number (EIN)
- Plan Name
- Address
- Person to Contact
- Name of Employer
- Employer's tax year end (Month)
- User fee amount
- Plan Number
- Vesting Code
- Reversion Amount
- Reason for Termination (Application 5310 Only)
- Document Locator Number

**B. Employee:**

- EDS Employee Number (relates to employees performing their duties by using the system)
- Employee Account ID (computer system assigned ID)

- Employee Grade
- Position
- Employee Group Number

C. Audit Trail Information:

- Employee Account ID (computer system assigned ID)

D. Other:

- Name of POA
- POA Address

**2. Describe/identify which data elements are obtained from files, databases, individuals, or any other source.**

A. EDS obtains data from the following Internal Revenue Service sources:

- Letter and Information Network User-Fee System (LINUS) sends data to EDS including:
  - Plan sponsor name or organization name
  - EIN
  - Plan Name
  - Address
  - Person to Contact
  - Name of Employer
  - Employer's tax year end (Month)
  - User fee amount
  - Name of POA
  - POA Address
  - Plan Number
  - Document Locator Number

1. Modified Employee Plan/ Exempt Organization Determination System (MEDS) sends data to EDS including:

- Plan sponsor name or organization name
- EIN
- Plan Name
- Address
- Person to Contact
- Name of Employer
- Employer's tax year end (Month)
- User fee amount
- Name of POA
- POA Address
- Plan Number
- Vesting Code
- Reversion Amount
- Reason for Termination
- Document Locator Number

2. EP/EO Application Control System (EACS) sends information to EDS including:

- Case #
  - Unpostable Code
  - Name
  - Name Control
  - EIN
3. IRS Access Request Form On-Line 5081 (OL5081) automatically sends information to EDS including:
- Employee Grade
  - Position
  - Employee Group Number
  - Employee Account ID

B. Taxpayer information comes from the Taxpayer filed forms listed below:

- Taxpayer information collected will be taken from a variety of applications (1023, 1024, 1025, 1026, 1028, 4461, 4461A, 5300, 5303, 5307, 5310, 5310A, and 6406), and Power of Attorney Forms 2848 and Form 8821.
  - The above forms are divided between the Employee Plans and Exempt Organization, the breakdown is as follows: forms specific to the Exempt Organization are: Forms 1023, 1024, 1025, 1026, and 1028; and the following forms are specific to the Employee Plans Organization: Forms 4461, 4461A 5300, 5303, 5307, 5310, 5310A, and 6406.
1. The following data elements are taken from the above taxpayer determination applications:
- Plan Sponsor Name or Organization Name
  - Employer Identification Number
  - Plan Name
  - Address
  - Person to Contact
  - Name of Employer
  - Employer's tax year end (Month)
  - user fee amount
  - Plan Number
  - Vesting Code
  - Reversion Amount
  - Reason for Termination (Application 5310 Only)
  - Document Locator Number
  - POA Form 2848 and Form 8821.
    - Name of POA
    - POA Address
2. The employee inputs taxpayer information provided in the forms mentioned in part B.
- Plan Sponsor Name or Organization Name
  - Employer Identification Number
  - Plan Name
  - Address

- Person to Contact
- Name of Employer
- Employer's tax year end (Month)
- user fee amount
- Plan Number
- Vesting Code
- Reversion Amount
- Reason for Termination (Application 5310 Only)
- Document Locator Number
- POA Form 2848 and Form 8821.
  - Name of POA
  - POA Address

**3. Is each data item required for the business purpose of the system? Explain.**

Yes. All information is essential. The data in EDS is necessary for TE/GE to determine if they meet the law requirements of the Internal Revenue Code. No data is redundant or unnecessary.

**4. How will each data item be verified for accuracy, timeliness, and completeness?**

EDS limits user inputs for designated fields within the application. The valid syntax of the application inputs (e.g., character set, length, numerical range, acceptable values) and checks for valid values are in place to ensure that inputs match specified definitions for format and content. The application does not include a mechanism (such as double key entry) in place to check for accuracy and completeness. The application can only validate the data entered; the application has no way to determine if the data entered is in fact what is on the input document. The EDS application provides built-in error handling functions that notify the user with a response corresponding to the user performed action. The user error messages generated by the application provide timely and useful information to users without revealing information that could be exploited by adversaries. The responses are contingent upon how the database administrator configured the application to accept/respond to inputs into the application. The application server uses an internal logging system for security issues or application-level errors and notifies the user(s) accordingly.

**5. Is there another source for the data? Explain how that source is or is not used.**

No. There are no alternative sources for the data.

**6. Generally, how will data be retrieved by the user?**

Data is retrieved by users of the system via queries and reports through the IRS Local Area Network (LAN) via intranet access only using Powerterm or Infoconnect programs. Most users can only access data through screens which do not provide ad-hoc query capability; for a small subset of users, they do have an ad-hoc query capability.

**7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?**

Yes. Data may be retrieved by Name, Employer Identification Number (EIN), Document Locator Number (DLN) or Case Number. No Social Security Numbers (SSNs) are used in the system.

**Access to the Data**

**8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?**

Only individuals who have been identified in the application's database table are authorized to access EDS information. These users are IRS employees performing data entry, Secretaries, Determination Reviewer, Determination Agents/Technical Specialists, and Customer Account Service Representatives. Managers, System Administrators, and Developers have access to all data, system files, and functions required to carry out their assigned tasks and responsibilities.

**Role:** Data entry

**Permission:** Read– write, creates cases and perfect data

**Role:** Call site

**Permission:** Read–only, answer taxpayer inquiries

**Role:** Agents and Specialists

**Permission:** Read–write, update case data, create letters

**Role:** Managers and Clericals

**Permission:** Read–write, assigns cases, manage inventory, and create reports

**Role:** Data Administrators

**Permission:** Read–write, update system tables such as contain employee data and standard letter text, monitor data consistency, and validity, monitor scheduled jobs which produce reports and data extracts.

**Role:** System Administrators and Database Administrators

**Permission:** No data access – no access to execute neither application nor privileges to access data in the database.

**Role:** Contractors

**Permission:** Create, change, and delete program components. Create, change, and delete database objects. Modify data in database objects

## **9. How is access to the data by a user determined and by whom?**

Access to the data is determined by the manager based on a user's position and need-to-know. The manager will request a user be added. They must fill out Form OL5081, Information System User Registration/Change Request, to request access to the application. A user's access to the data terminates when it is no longer required. Criteria, procedures, controls, and responsibilities regarding access are documented in the Information Systems Security Rules on Form OL5081. Contractors work on the development side of the application and have their own unique user identifiers. Each contractor has the same level of access as their employee counterparts for their respective responsibilities. Contractors accessing the EDS application require a Moderate Risk Background Investigation.

## **10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.**

Yes.

A. The following send and receive data to the IRS.

- LINUS sends data to EDS daily via a manual ASCII text file including the following:
- Plan sponsor name or organization name
- EIN,
- Plan Name

- Address
- Person to Contact
- Name of Employer
- Employer's tax year end (Month)
- User fee amount
- Name of POA
- POA Address
- Plan Number
- Document Locator Number

B. MEDS sends data to EDS daily via a manual ASCII text file including the following:

- Plan sponsor name or organization name
- EIN,
- Plan Name
- Address
- Person to Contact
- Name of Employer
- Employer's tax year end (Month)
- User fee amount
- Name of POA
- POA Address
- Plan Number
- Vesting Code
- Reversion Amount
- Reason for Termination
- Document Locator Number\
- Case Number

C. EP/EO Application Control System (EACS) sends information to EDS daily via a manual ASCII text file including the following:

- Case Number
- Unpostable Code
- Name
- Name Control
- EIN

D. EDS sends information to EACS; daily via a manual ASCII text file including the following:

- Plan sponsor name or organization name
- EIN,
- Plan Name
- Address
- Name of Employer
- Employer's tax year end (Month)
- Plan Number
- Vesting Code
- Reason for Termination
- Document Locator Number
- Case Number

- E. EDS sends information to The Returns Inventory Control System (RICS) weekly via a manual ASCII text file including the following:
- Plan sponsor name or organization name
  - EIN,
  - Plan Name
  - Address
  - Person to Contact
  - Name of Employer
  - Employer's tax year end (Month)
  - User fee amount
  - Name of POA
  - POA Address
  - Plan Number
  - Vesting Code
  - Reversion Amount
  - Reason for Termination
  - Document Locator Number
  - Case Number
- F. EDS sends information to MEDS daily via a manual ASCII text file including the following:
- Case Number
  - Document Locator Number
- G. EDS sends data to the Customer Satisfaction Survey via an encrypted CD monthly containing publicly disclosable information:
- Plan sponsor name or organization name
  - Plan Name
  - Address
  - Person to Contact
  - Name of Employer
  - Employer's Tax Year
  - Name of POA
  - POA Address
  - Plan Number
- H. EDS sends data for Freedom of Information Act requests via hard copy or electronic media on an ad hoc basis. The data may include any of the following items:
- Plan sponsor name or organization name
  - EIN
  - Plan Name
  - Address
  - Person to Contact
  - Name of Employer
  - Employer's tax year end (Month)
  - User fee amount
  - Name of POA
  - POA Address

- Plan Number
- Vesting Code
- Reversion Amount
- Reason for Termination
- Document Locator Number

**11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?**

Yes.

EACS is a part of the MITS-23 General Support System (GSS) accreditation boundary. The Customer Satisfaction Survey and Freedom of Information Act (FOIA) requests are external to the IRS and only receive public, disclosable information.

- Certification & Accreditation (C&A) – September 28, 2007
- Privacy Impact Assessment (PIA) – May 01, 2007

Letter and Information Network User-Fee System (LINUS)

- Certification & Accreditation (C&A) – May 15, 2006
- Privacy Impact Assessment (PIA) – March 28, 2006

Modified Employee Plan/Exempt Organization Determination System Determination System (MEDS)

- Certification & Accreditation (C&A) – May 15, 2006
- Privacy Impact Assessment (PIA) – March 28, 2006

Returns Inventory and Classification System (RICS)

- Certification & Accreditation (C&A) – May 15, 2006
- Privacy Impact Assessment (PIA) – March 28, 2006

**12. Will other agencies provide, receive, or share data in any form with this system?**

No other agency will be accessing or sharing data in the EDS application.

**Administrative Controls of Data**

**13. What are the procedures for eliminating the data at the end of the retention period?**

The Data in the system is permanently archived, not eliminated. There is currently no automatic process built into EDS to dispose of records. The records in EDS is covered by Internal Revenue Manual 1.15.2.1(74) Types of Records and Their Life Cycle. Employee Plans Application Case Files that calls for data to be destroyed 10 years after the closing date and 1.15.2-1(77) Exempt Organizations Application case files that calls for some records to be retained indefinitely.

IRM 1.15.6 (Managing Electronic Records) does not specifically specify when data records should be eliminated for this application. The exempt organization will ensure that further research will be completed as suggested in this IRM to determine how long data should be retained for this application.

**14. Will this system use technology in a new way?**

No. The EDS application does not employ the use of any new technology.



**15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.**

No. The EDS application will not be used to identify or locate individuals or groups. EDS contains employee phone numbers, as well as POA name and address. EDS also contains the name of "person to contact", but the address for that person is the address of the plan or organization, not the individual person.

**16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.**

No. The EDS application will not provide the capability to monitor taxpayer individuals or groups. The EDS application provides no functionality to do the targeting/identify plans/organizations meeting certain criteria.

**17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?**

No. The EDS application does not perform any function that affects the treatment of taxpayers and employees.

**18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?**

Yes. EDS does not facilitate "due process," but it does not inhibit it either. Additionally, "due process" is dictated by the organization. For example, if an applicant receives a "negative determination" as to the exemption/qualification, the applicant is notified of a proposed adverse determination and is given an opportunity to protest before any final action is taken. Additionally, the applicant has the right to appeal a determination through the Appeals Division, (or EO Technical or EP Examination for certain cases).

**19. If the system is Web-based, does it use persistent cookies or other tracking devices to identify web visitors?**

No. EDS is not a Web-based system.

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